Pioneer Accountable Care Organization (ACO) Model Program
Frequently Asked Questions
May 17, 2011

What is an ACO?

An ACO is a recognized legal entity under State law comprised of a group of ACO participants (providers of services and suppliers) that have established a mechanism for shared governance and work together to coordinate care for Medicare fee-for-service beneficiaries. ACOs enter into an agreement with CMS to be accountable for the quality, cost, and overall care of traditional fee-for-service Medicare beneficiaries who may be aligned with it.

What is the Pioneer ACO Model initiative?

The Pioneer ACO Model (Pioneer ACO Model) is a new initiative launched by the Centers for Medicare & Medicaid Services (CMS) Center for Medicare and Medicaid Innovation (Innovation Center. The Pioneer ACO Model is designed to test how moving experienced organizations more rapidly to population-based payment arrangements working in coordination with private payers can achieve cost savings across the ACO, which will improve health outcomes for Medicare beneficiaries. The Pioneer ACO Model will complement the Medicare Shared Savings Program (Shared Savings Program) by testing models that may later be adopted in the Shared Savings Program.

Specifically, the Pioneer ACO Model is different from the Shared Savings Program in the following ways, among others:

- The first two years of the Pioneer ACO Model are a shared savings payment arrangement with higher levels of savings and risk than in the Shared Savings Program.
- Starting in year three of the initiative, those organizations that have shown savings over the first two years will be eligible to move to a population-based payment arrangement that can continue through optional years four and five.
- The Pioneer ACO Model allows for either prospective or retrospective alignment of beneficiaries into ACOs. The procedures for prospective alignment are set forth in the Request for Applications. Alternatively, retrospective alignment, if desired by the ACO, may require different procedures that can be negotiated with CMS by the applicant during the application process.
- Pioneer ACOs must be responsible for the care of at least 15,000 aligned beneficiaries (5,000 for rural ACOs)
- Pioneer ACOs are required to develop similar outcomes-based payment arrangements with other payers by the end of the second year, and fully commit their business and care models to offering seamless, high quality care.

Who should apply for the Pioneer ACO Model?

The Pioneer ACO Model is intended for organizations that have already worked to integrate care and made systematic improvements. Applicants are expected to either already have, or be prepared to enter, similar payment arrangements with other major purchasers that include substantial financial accountability and performance incentives.

Organizations interested in applying to become Pioneer ACOs should visit the Innovation Center website: http://innovations.cms.gov. Organizations that wish to apply must submit a non-binding letter of intent by June 10th 2011. Applications must be submitted by mail as described on the Innovation Center website and postmarked no later than July 18, 2011.

Can I participate in both the Shared Savings Program and the Pioneer ACO Model?

No. ACOs participating in the Pioneer ACO Model will not be permitted to participate in the Shared Savings Program.

How will payments to the Pioneer ACO work? What are population-based payments?
The Innovation Center will develop a target per capita expenditure level (benchmark) based on previous CMS expenditures on the group of beneficiaries aligned to the ACO. This benchmark will be adjusted based on a combination of the average growth percentage for a reference population and the absolute dollar growth for that reference population. At the end of each of the first two years, participating ACOs would be judged against this benchmark, and rewarded with a portion of the savings or held accountable for increased expenditures. The per capita expenditure would have to be outside of threshold of at least 1 percent to trigger payments or obligations.

In year three, Pioneer ACOs will be able to transition into a population-based payment arrangement. Population-based payment is a per-beneficiary per month payment amount intended to replace a significant portion of the ACO's fee-for-service (FFS) payment with a prospective payment.

How will beneficiaries be affected by the Pioneer ACO Model?
Pioneer ACOs are designed to provide CMS beneficiaries with higher quality, more seamless healthcare. By encouraging integration amongst healthcare providers on an accelerated risk track, the Pioneer ACO Model facilitates coordination between healthcare providers, resulting in better care for beneficiaries aligned with ACOs.

Are beneficiaries required to participate in the Pioneer ACO Model?
Under prospective alignment, Pioneer ACOs will notify their aligned beneficiaries regarding the initiative at the start of the first performance period. Beneficiaries have the option to receive services from providers outside the ACO at any time, and ACOs are forbidden from restricting which providers a beneficiary may seek care from. Beneficiaries participating in the initiative may also contact 1-800-Medicare with questions or concerns, and will be surveyed by CMS to ensure they are receiving high quality care. In addition, beneficiaries are permitted to opt out of data sharing with the Pioneer ACO. Beneficiary notification procedures may be modified under retrospective alignment.